The Examiner states that also the adjustment for qualitative factors is not fully described to enable one to make and/or use the invention.

The rejection is respectfully traversed. Negative variability of returns was fully explained in the application as filed in the diagram and accompanying notes as the difference between the return for the particular fund from the median return for the fund group for the measurement. The necessary calculation can readily be understood from an examination of the diagram. In the example illustrated, if during four quarterly periods, Fund A's returns underperformed the median fund return for the sector by 0.8% in one quarter and 0.4% in another quarter, with the returns being above the median for the other two quarters, the negative variability would be calculated by adding the 0.8% and 0.4% to obtain the sum of 1.2%, dividing by 4 for the four quarter measurement, to obtain a negative variability of 0.3%.

The adjustment for the negative variability of returns is the negative variability of returns less the median negative variabilities of returns for the group, as indicated in the diagram included with the application as filed. For example, if the negative variability of returns for Fund A is 0.3%, and the median negative variability for the sector is 0.4%, the adjustment factor is 0.1%. The calculation can readily be seen from the examples and the notes accompanying the diagram.

With respect to calculating a low and high expected annual return, the Examiner has referred to notes 10 and 11 in the diagram accompanying the application as filed. The low expected annual return is equal to the median annualized return for the sector, item number 3, adjusted for the range of returns, the fund's annual return adjustment factor, the adjustment for negative variability of returns, and for any qualitative factors that the analyst may desire. In other words, the low expected annual return is equal to the median annualized return for the sector, less the range of returns, less the Fund's annual return adjustment factor, less the adjustment for negative variability of returns, and any qualitative factors that the analyst may desire. Similarly, with respect to the high expected annual return, the calculation is the median annualized return

for the sector, plus the range of returns, plus the fund's annual return adjustment factor, plus the adjustment for negative variability of returns, and any qualitative factors desired. For example, still referring to the diagram, in Fund A, a low range of expected returns is calculated by starting with the 7.5% expected return for the sector, adding the negative 0.295% annual return adjustment factor, adding the 0.1% adjustment for negative variability of returns, and adding the product of 80% for the adjustment for fund group times 1.5%, the fund group adjustment percentage. This calculation is thus evident.

It will be understood that an adjustment for qualitative factors is necessarily subjective. The reference to the adjustment for qualitative factors is merely to indicate the proper place in the sequence of calculations to insert such an adjustment.

In view of the foregoing remarks, it is respectfully submitted that rejection of claims 1, 7-8 and 13-14 under 35 U.S. C. Section 112, first paragraph, should be withdrawn.

Claims 6 and 12 stand rejected under 35 U.S.C. Section 112, first paragraph, as containing subject matter which was not described in the specifications in such a way as to reasonably convey to one skilled in the relevant art that the inventor, at the time the application was filed, had possession of the claimed invention. The Examiner states that the original specification does not disclose a factor for the extent to which the fund's returns are below the median for that sector for that time period.

This ground of rejection is respectfully traversed.

that's what that refers to

The low annual return is a factor for the extent to which the Fund's returns are below the median for that sector for a time period.

The diagram indicates that the low annual return is equal to the median annualized return for the sector, adjusted for the range of returns, the fund's annual return adjustment factor, and

the adjustment for negative variability of returns. These are factors into which the Fund's returns are below the median for that sector for a time period.

For the foregoing reasons, it is respectfully submitted that this ground of rejection should be withdrawn.

Claims 1, 4-14 are rejected under 35 U.S.C. Section 101 because the claimed invention directions do not have statutory subject matter. The Examiner states that the claims are directed to an abstract idea and that the claim steps are a sequence of mathematical operations that are combined to solve a mathematical problem. The Examiner states that no application of the result is clear.

This ground for rejection is respectfully traversed. The steps are not merely a sequence of mathematical operations, but are specific operations carried out on real financial data with a result representing predicted future returns of real funds. The following language from AT&T Corp. v. Excel Communications, Inc., ___ U.S.P.Q. 2d ___ (Fed. Cir. 1999), is particularly apt here:

predict based on expected returns not just historical variables concrete #

> As previously explained, AT&T's claimed process employs subscribers' and call recipients' PICs as data, applies Boolean algebra to those data to determine the value of the PIC indicator, and applies that value through switching and recording mechanisms to create a signal useful for billing purposes. In State Street, we held that the processing system there was patentable subject matter because the system takes data representing discrete dollar amounts through a series of mathematical calculations to determine a final share price - a useful, concrete, and tangible result. See 149 F.3d at 1373, 47 USPQ2d at 1601.
>
> In this case, Excel argues, correctly, that the PIC indicator value is derived using a simple mathematical principle (p and q). But that is not determinative because AT&T does not claim the Boolean principle as such or attempt to forestall its use in any other application. It is clear from the written description of the '184

patent that AT&T is only claiming a process that uses the Boolean principle in order to determine the value of the PIC indicator. The PIC indicator represents information about the call recipient's PIC, a useful, non-abstract result that facilitates differential billing of long-distance calls made by an IXC's subscriber. Because the claimed process applies the Boolean principle to produce a useful, concrete, tangible result without pre-empting other uses of the mathematical principle, on its face the claimed process comfortably falls within the scope of 101. See Arrhythmia Research Tech. Inc. v. Corazonix Corp., 958 F.2d 1053, 1060, 22 USPQ2d 1033, 1039 (Fed. Cir. 1992) ("That the product is numerical is not a criterion of whether the claim is directed to statutory subject matter.").

Similarly, here, the system uses data based on values of funds and of indexes, to obtain a numerical indicator of future success of a fund. This result is a useful, concrete, tangible result which does not preempt any other uses of a mathematical principle.

Claims 4-6 and 9-12 stand rejected under 35 U.S.C. Section 103 (a) as being unpatentable over Kolb, "Options The Investor's Complete Toolkit", and in view of the applicant's comments on pages 7-8 of the Amendment mailed December 27, 2000. The Examiner states that applicant admits that the steps of claim 4 are obvious in view of Kolb and the associated off-the-shelf computer program.

This ground for rejection is respectfully traversed. On pages 7 and 8 of the Amendment, the applicant has merely indicated that two of the individual steps of claim 4 are within the skill level of one of ordinary skill in the art. The references to Kolb in the Amendment merely indicate that it is possible to calculate and expected a return over a time period for a sector based on financial futures, and to calculate an expected range of returns for the sector based on prices of options. At no point does Kolb disclose or suggest calculating an expected return for a fund based on the calculated expected return for the corresponding sector, the expected range of returns for the corresponding sector, and on information specific to the fund, as recited in Claim 4, for example. For these reasons, it is respectfully submitted that Claim 4 is allowable over the prior art of record.

With respect to Claim 5, the specific nature of the fund specific information is identified. Nowhere does Kolb state or suggest the use of fund specific information to calculate an expected return for the fund.

For this reason, in addition to the reasons set forth above in connection with the Claim 4, Claim 5 is allowable over the prior art of record.

With respect to Claim 6, there is recited the specific identity of the information specific to the fund. As with Claim 5, Kolb does not disclose information specific to a fund for use in calculating the expected return for an individual fund. For this reason, as well as the reasons set forth above in connection with Claim 4, Claim 6 is allowable over the prior art of record.

Claim 9 includes a step of assigning one of a plurality of ratings to each fund. Nowhere does Kolb disclose or suggest assigning a rating to individual funds. For this reason, as well as the reasons set forth above in connection with Claim 4, it is respectfully submitted that Claim 9 is allowable over the prior art of record.

Claim 10 recites a method for predicting expected returns of a fund. Kolb indicates that the steps of calculating an expected return over a time period for a sector based on financial futures, and calculating an expected range of returns for the sector based on prices of options is within the level of ordinary skill in the art. Nowhere does Kolb teach or suggest that calculating an expected annual return for an individual fund based on expected annualized return for the corresponding sector, information specific to the fund, and an expected range of returns for the corresponding sector, is possible or desirable.

For these reasons, it is respectfully submitted that Claim 10 is allowable over the prior art of record.

Claim 11 identifies specific information specific to the fund. There is no indication in Kolb as to information specific to the fund, as Kolb does not consider rating of individual funds. For this reason, as well as the reasons set forth above in connection with Claim 10, it is respectfully submitted that Claim 11 is allowable over the prior art of record.

Claim 12, which depends from Claim 10, also recites the identify of specific information specific to the fund. As indicated above, as Kolb is not concerned with ratings of individual funds, there is no teaching or suggestion of specific information that could be used in determining the expected future performance of the fund. For this reason, as well as the reasons set forth above in connection with Claim 12, it is respectfully submitted that Claim 12 is allowable over the prior art of record.

In view of the foregoing amendment and these remarks, it is respectfully submitted that claims 1 and 4-14 are in condition for allowance. Prompt favorable action thereon is respectfully solicited.

Respectfully submitted,

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